

I urge the Commission to deny the merger application of Echostar and DirecTV.

I have been a DirecTV customer since May of 1999. As a current customer of DirecTV, I am very concerned about the impact of the proposed merger on the level of price competition in the satellite television market, the quality of service and receiving equipment available to consumers, and the disparate impact on very rural customers who face the choice of DBS or no TV at all.

The primary nexus of competition in pay television today is not, as Echostar asserts, between DBS generally and cable TV. It is really between Echostar and DirecTV. DBS has been competitive with cable in many markets primarily because Dish Network and DirecTV have been competing with each other\*. This has held prices for the two DBS services nearly stagnant (while cable TV prices have continued to escalate), and has forced the DBS providers to reduce the cost of entry for new subscribers, by way of inexpensive set-top decoder boxes. My fear is that the creation of an Echostar monopoly over DBS service nationwide will lead to a situation in which there is a dramatically reduced market incentive for DBS service to remain affordable.

Beyond that, consumer choice will generally be reduced. DirecTV and Dish Network appeal to different types of customers. DirecTV has long been the "Cadillac" of DBS, offering a smaller number of channels at a higher quality, along with independently-manufactured set-top decoder boxes that offer a vast choice of features, software, and compatibility with other AV equipment. Dish Network, on the other hand, is more of a "common man's" service -- lots of channels, average (to below average) picture quality, and equipment manufactured in-house -- which makes equipment selection easy, but limits consumer choice. The elimination of that market choice for consumers, and the resultant DBS monopoly, will certainly result in DBS sinking to the lowest common denominator when it comes to picture quality and equipment choice and reliability.

Finally, the merger will have a disparate impact on rural Americans. Many in our country have been able to participate in the larger American culture only because of the existence of DBS. From CSPAN and Fox News to VH1 and MTV, folks who live in areas not served by cable television have only recently been able to view the operations of their government and engage the culture that is their birthright. This is especially true in areas that are so rural that an acceptable TV image cannot be had, even with a large terrestrial antenna. The pressure to include as many pay-only stations as possible, in an affordable and high-quality format, is a direct result of the competition between DirecTV and Dish Network. A channel denied carriage on one provider can go to the other, and customers can choose a provider on the basis of the channels they want to see. The rural customer benefits from this fierce, nationwide competition between DBS providers in the way of more channels, higher picture quality, and lower-cost equipment. In the absence of that competitive pressure, everyone can expect to pay more for a lesser DBS product. But the impact is worse for folks who have no other outlet for the receipt of pay TV (or even over-the-air TV) channels. For those folks, TV choice becomes something of a Communist election -- either Echostar or Echostar.

In conclusion, the only entity that ultimately benefits from this proposed merger is Echostar -- which will no longer have to forego revenue, subsidize new IRD's, and negotiate in good faith with content providers in order to field a product that competes with DirectTV. The big losers are consumers of this innovative service. Please deny this merger application.